

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Inquiry Concerning  
City Carrier Costs

Docket No. PI2017-1

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued July 17, 2017)

To assist the Commission further in its inquiry concerning the Postal Service Response to Order No. 2792,<sup>1</sup> its Response to CHIR No. 1,<sup>2</sup> and other estimated city carrier costs and volumes, the Postal Service is requested to provide written responses to the following questions and requests for information. The responses should be provided as soon as possible, but no later than July 25, 2017.

1. Please refer to the Response to Order No. 2792. The Postal Service stated that it was "investigating the feasibility of using operational data to estimate variability equations for LDCs 23 and 27." Response to Order No. 2792 at 19. As its first step in the investigation, the Postal Service stated that it would try to match relevant workhours from its Time and Attendance Collection System (TACS) with the corresponding volumes recorded in the Product Tracking and Recording (PTR) system. *Id.*

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<sup>1</sup> Docket No. RM2017-5, Response of the United States Postal Service to Commission Order No. 2792, February 16, 2016 (Response to Order No. 2792).

<sup>2</sup> Responses of the United States Postal Service to Questions 1-7 of Chairman's Information Request No. 1, June 30, 2017 (Response to CHIR No. 1).

- a. Please discuss the results of the Postal Service's investigation into the use of operational data to estimate the variability equations for LDCs 23 and 27.
  - b. Please discuss any additional steps taken by the Postal Service since its Response to Order No. 2792 to investigate the feasibility of using operational data to estimate variability equations for LDCs 23 and 27.
  - c. Please discuss the route evaluation process for special purpose routes, including the data that are collected. If special purpose routes are not evaluated, please specify the reasons why.
2. Please refer to the Postal Service's Response to CHIR No. 1. The Postal Service states that it identified the National Collection Point Management (CPMS) density test as one possible source of operational data that could possibly be used as a proxy for mail collected from customers' receptacles. Response to CHIR No. 1, question 2. However, it found that the mail volumes recorded in the CPMS density test are not an acceptable proxy for the volumes of mail collected from customer receptacles. *Id.*
  - a. Handbook F-65, the Data Collection Users Guide for Cost Systems, states that for the City Carrier Cost System (CCCS), the "PS Form 2846 is used to report the volume of mail collected [from customers' receptacles] as the carrier delivers the mail."<sup>3</sup> Please discuss whether the volumes of mail collected by the CCCS from customers' receptacles on the sampled city carrier letter route-days could be weighted (e.g., by using zones rather than ZIP Code or route number) so that street time could be linked to the

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<sup>3</sup> The United States Postal Service Handbook F-65, Data Collection Users Guide for Cost Systems, Chapters 3 & 4, July 21, 2009, Zip file "Handbook\_65\_New\_Chapters\_3\_and\_4.zip," file "Chapter 3\_Print, pdf.," at 3-16 (Handbook F-65).

collection mail volumes reported on PS Form 2846.<sup>4</sup> If such an approach appears feasible, please discuss how the PS Form 2846 data could be weighted or adjusted and linked to street time. If such an approach appears to be infeasible, please provide the reasons why weighted or adjusted PS Form 2846 data could not be linked to street time.

- b. Please discuss whether it would be feasible to record mail collection volumes on the Mobile Delivery Devices (MDDs) employed by the Postal Service. If not, please explain why.
3. Please refer to the Postal Service's Response to CHIR No. 1. The Postal Service states that "inconsistencies between the ways routes are identified in [Delivery Operations Information System (DOIS)] DOIS with the ways they are identified in [the] PTR [system] precluded making matches at the route level." Response to CHIR No. 1, question 1. "Consequently, PTR parcel and accountable data were collected at the ZIP Code level..." *Id.*
- a. Please provide a detailed explanation of the inconsistencies in how routes are identified in the DOIS, the PTR, and the MDDs data.<sup>5</sup>
  - b. Please explain how these inconsistencies were resolved at the ZIP Code level. Please include in the response the necessary steps required for the databases to be compatible at the ZIP Code level by delivery date.
  - c. Please specify how the special purpose route data in the same ZIP Code were identified in the DOIS, the PTR and the MDDs data.

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<sup>4</sup> Handbook F-65 also states that the CCCS data collector is supposed to ask the city carrier on that sampled route to classify parcels as regular or deviation parcels. *Id.* at 3-8-3-9.

<sup>5</sup> The Postal Service explains that the MDDs data feeds into the PTR system and the MDDs have a functionality that enable the carrier to indicate the delivered location for the packages and accountable items they scan at delivery and could potentially, for parcels with delivery barcodes, be a source of separate counts of in-receptacle parcels and deviation parcels. Response to Order No. 2792 at 7.

- d. Please specify whether all special purpose route data within a ZIP Code were removed from the DOIS, the PTR, and the MDD data to produce the PTR July 2016 (300 ZIP Codes) parcel proportions by type.
4. Please refer to the Postal Service's Response to CHIR No. 1. The Postal Service states that "further research using PTR data in econometric analyses is necessary before reaching a definitive conclusion as to whether PTR is a reliable data source." Response to CHIR No. 1, question 1. Please explain whether the Postal Service intends to perform the research necessary to reach a definitive conclusion, and, if so, what type of research it will perform and when it is likely to be completed.
5. Please refer to the Postal Service's Response to CHIR No. 1. The Postal Service notes that since the "deployment of MDDs was relatively recent, the Postal Service wanted to ensure that its selected data did not incorporate any temporary 'learning curve' errors that could lead to an erroneous inference that the PTR data were unreliable." *Id.* A USPS News Link Story dated June 15, 2015, states that "[t]he Postal Service plans to distribute more than 260,000 MDDs altogether."<sup>6</sup> In Docket No. ACR2016, Library Reference USPS-FY16-8,<sup>7</sup> a specific number for equipment labeled "MDDs" per se does not appear to have been included in the Excel file "fy16equip.xls." However, in the Excel file "FY16 IMD Scanner Key INPUT.xls," on the "Page III-2" tab, equipment numbers for the "Intelligent Mail Devices by User Type" are provided. Column G is labeled "Proposed Quantity" and shows 234,477 for "City & Rural Routes."
- a. Please provide the reason(s) for the difference between "Proposed Quantity" versus actual deployment (and use) of the "Intelligent Mail Devices" for city carriers and rural carriers.

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<sup>6</sup> See USPS News Link Story: MDD deployment nears completion, June 15, 2015, available at <https://link.usps.com/2015/06/15/mobile-milestone>.

<sup>7</sup> Docket No. ACR2016, Library Reference USPS-FY16-8, December 29, 2016.

- b. Please explain the differences between Intelligent Mail Device (IMD) scanners and MDDs.
  - c. If the “Proposed Quantity” number shown in Column G contains a mix of IMD scanners and MDDs, please specify the number of each type of scanner by carrier route type (city or rural).
  - d. Please provide the approximate number of city carrier routes that currently employ MDD technology on a daily or near-daily basis.
  - e. Please provide a list and description of each data element, including all possible scans, captured by carriers using the MDDs.
6. The Postal Service notes that the City Carrier Cost System-Special Purpose Route (CCCS-SPR) system is similar to the CCCS in that both are continuous, ongoing cross-sectional statistical studies or probability samples of route-days. They differ in that the CCCS samples letter route-days while the CCCS-SPR samples special purpose route-days.<sup>8</sup> Approximately 1,000 CCCS-SPR samples are scheduled each fiscal year. *Id.* at 16. In Docket No. RM2009-10 (Proposal Eight), the Postal Service provided the TACS LDC 23 number of routes in the CCCS-SPR sample frame by stratum, the TACS LDC 23 street hours by stratum, as well as the proportion of special purpose routes and route days sampled.<sup>9</sup>
- a. Please provide this same CCCS-SPR information for each FY 2016 quarter.
  - b. Please provide the total number (universe) of TACS LDC 23 routes for each FY 2016 quarter.

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<sup>8</sup> See Docket No. ACR2016, Library Reference USPS-FY16-34, “USPS-FY16-34\_CCCS\_Preface\_Final.pdf,” December 29, 2016, at 1, 3, 16.

<sup>9</sup> Docket No. RM2009-10, Responses of the United States Postal Service to Chairman’s Information Request No. 1, September 29, 2009, question 6.

- c. Please provide the components used to calculate the proportion of route days sampled in the CCCS-SPR system for each FY 2016 quarter.
  - d. Please discuss whether the annual sample of CCCS-SPR route-days delivered volumes could potentially be linked to a route evaluation (if one was conducted) to update the special purpose route cost model. If not, please discuss the reasons why.
7. Please provide the definition for each of the values used in the “SS1,” “SS2,” “SS3,” and “SS4” SAS variables field of the CCCS-SPR SAS data set provided in Docket No. ACR2016.<sup>10</sup>
8. Please provide the cost and revenue analysis format file used in the SAS program “SPR\_Output\_V10.sas” file. *Id.* at 29.
9. This question seeks information related to updates and procedures employed by the Postal Service since the issuance of Order No. 2792.<sup>11</sup> The Postal Service stated that for subsequent years, cost pools would be updated using the “Route Evaluation System data” and that a data extract would be done that “in general, follow[s] the same criteria discussed in Section D of the Report, but a change in circumstances could necessitate review of those criteria.”<sup>12</sup>
- a. Please describe what the Postal Service would consider a “change in circumstances.”

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<sup>10</sup> See Docket No. ACR2016, Library Reference USPS-FY16-34, “USPS-FY16-34\_CCCS\_Preface\_Final.pdf,” December 29, 2016, at 35.

<sup>11</sup> See Docket No. RM2015-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Thirteen), October 29, 2015 (Order No. 2792).

<sup>12</sup> Docket No. RM2015-7, Responses of the United States Postal Service to Questions 1-16 and 19-28 of Chairman’s Information Request No. 1, January 12, 2015, question 3. The report referred to by the Postal Service is the Report on the City Carrier Street Time Study in Docket No. RM2015-7, Library Reference USPS-RM2015-7/1, “Letter\_Route\_Report” folder in the “City Carrier Street Time Study Report.pdf” file, December 11, 2014 (Report).

- b. Please describe the methodology and screening criteria steps for the cost pool proportions developed in Docket No. ACR2015. Please address in the response whether each of the following screening criteria steps were employed for the route evaluation data and the number eliminated for each screening step listed: (1) the evaluation was done prior to certain years; (2) the evaluation reported data that were captured on Sunday; (3) the evaluation reported a negative value for one or more of the directly attributable street time activities; (4) the evaluation reported gross street time of over 12 hours; and (5) the evaluations reported negative gross street time.
  - i. Please explain whether each of the same screening criteria discussed in Section D of the Report (pages 9-14) were applied to develop the FY 2015 cost pool proportions. If the same screening criteria and methodology were not applied to the FY 2015 data, please specify how the FY 2015 methodology and screening criteria steps differed from those described in Section D of the Report as well as the number eliminated by screening step employed.
  - ii. Please provide the number of route evaluations used to develop the FY 2015 cost pool proportions by the month and the year that the evaluations were conducted. Please explain any notable seasonal patterns in this distribution.
- c. Please describe the methodology and screening criteria steps for the cost pool proportions developed in Docket No. ACR2016. Please address in the response whether each of the following screening criteria steps were employed for the route evaluation data and the number eliminated for each screening step listed: (1) the evaluation was done prior to certain years; (2) the evaluation reported data that were captured on Sunday; (3)

the evaluation reported a negative value for one or more of the directly attributable street time activities; (4) the evaluation reported gross street time of over 12 hours; and (5) the evaluations reported negative gross street time.

- i. Please explain whether each of the same criteria discussed in Section D of the Report (pages 9-14) were applied to develop the FY 2016 cost pool proportions. If the same screening criteria and methodology were not applied to the FY 2016 data, please specify how the FY 2016 methodology and screening criteria steps differed from those described in Section D of the Report and the number that were eliminated by the screening step employed.
  - ii. Please provide the number of route evaluations used to develop the FY 2016 cost pool proportions by the month and the year that the evaluations were conducted. Please explain any notable seasonal patterns in this distribution.
- d. Is the "Route Evaluation System" data referred to in the preface of this question exclusively "Form 3999" data? If not, please identify the data sources and explain how they are used in the development of the cost pool proportions.
- e. Please explain whether the Postal Service has taken any steps to gather counts of collection volumes, accountables, and parcels as part of its ordinary "Form 3999" route evaluation process. If the Postal Service has taken any such steps, please report on its progress. If not, please explain.
- f. Please identify the average time between the Postal Service's periodic evaluations of a given route in the "Form 3999" route evaluation data system and describe any factors that cause this time to change.



- g. Please describe the Postal Service's data retention policy with respect to "Form 3999" data. In particular, are data from route evaluations prior to the most recent evaluation for a route retained, and if so, for how long?
- 10. Please provide a descriptive name associated with each field in the TACS, PTR, MDD, DOIS, and Form 3999 databases. For each field in the respective database, please also provide a list and the meaning of the possible values.

By the Chairman.

Robert G. Taub